



800 Roosevelt Road
Building B, Suite 214
Glen Ellyn, IL 60137

Phone: (630) 446-4080
Fax: (630) 446-4085
www.sheafferinternational.com

Cartwright Creek L.L.C.

March 13, 2006

Mr. Ron Jones, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37219

Re: Petition of Cartwright Creek, L.L.C. to amend its Certificate of Convenience & Necessity in order to provide service to the Burrus Ridge Development in Robertson County, Tennessee. **Docket 06-00005.**

Dear Chairman Jones:

At the request of the TRA's General Counsel, we are resubmitting the above referenced filing and providing an original and thirteen (13) copies for your files. This filing also incorporates changes to correct a caption error which was previously submitted to you on March 3, 2006.

Sincerely,

Robert Ian Cochrane
Chief Financial Officer

Enclosures

Cc: Bruce Meyer
William H. Novak

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF CARTWRIGHT CREEK ,)
L.L.C. TO AMEND ITS CERTIFICATE)
OF CONVENIENCE AND NECESSITY)
IN ORDER TO PROVIDE SERVICE TO THE)
BURRUS RIDGE DEVELOPMENT IN)
ROBERTSON COUNTY, TENNESSEE)**

DOCKET NO. 06-00005

PETITION

Pursuant to T.C.A. Section 65-4-201 and the Rules of the Tennessee Regulatory Authority ("TRA" or "Authority"), Cartwright Creek, L.L.C. ("Cartwright Creek" or the "Company") respectfully requests that the TRA amend its Certificate of Convenience and Necessity in order to allow it to provide service to the Burrus Ridge Development ("Burrus Ridge") in Robertson County, Tennessee.

The full name and address of the principal place of business of the Company are:

Cartwright Creek, L.L.C.
800 Roosevelt Road, Suite B214
Glen Ellyn, IL 60137

All correspondence and communication with respect to this Petition should be sent to the following:

Bruce Meyer
Cartwright Creek Utility Company
1565 Thompson's Station Road North
Thompson's Station, TN 37179
Telephone: 615-261-8600

William H. Novak
WHN Consulting
19 Morning Arbor Place
The Woodlands, TX 77381
Telephone: 713-298-1760
Facsimile: 615-301-3962

The proposed service area includes approximately 700 units planned for the Burrus Ridge Development and golf course community. A map of the proposed service area is included in **Exhibit A** to this Petition. Cartwright Creek is proposing to provide wastewater service at the request of the developer as shown on **Exhibit B**. As shown on **Exhibit C**, the City of White House, Tennessee will not extend their wastewater service lines to areas outside of the city, and Robertson County will not provide wastewater services.

The proposed wastewater system will be used to treat and reclaim approximately 217,100 gallons per day of wastewater from the development. The wastewater system will be entirely constructed and paid for by the developer and then deeded to Cartwright Creek for ownership, maintenance and operation, however no contracts have been signed at this time. Cartwright Creek will not be investing any capital in the proposed system.

Cartwright Creek has applied to the Tennessee Department of Environment & Conservation, Division of Water Pollution Control for a State Operation Permit as shown on **Exhibit D**, but has not received a final permit number at this time.

In further support of its Petition, the Company has attached the pre-filed testimony of Robert Ian Cochrane as **Exhibit E** to this Petition.

WHEREFORE, Cartwright Creek prays

1 That Notice be issued and a hearing be set regarding the Petition;

2. That the Authority approve Cartwright Creek's requested amendment to its Certificate of Convenience & Necessity allowing it to provide wastewater service to the Burrus Ridge Development.

Respectfully submitted,

By: 

Robert Ian Cochrane
Chief Financial Officer

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of March 2006, a true and correct copy of the foregoing Petition was served on the persons below by placing same in the U.S. mail, postage pre-paid:

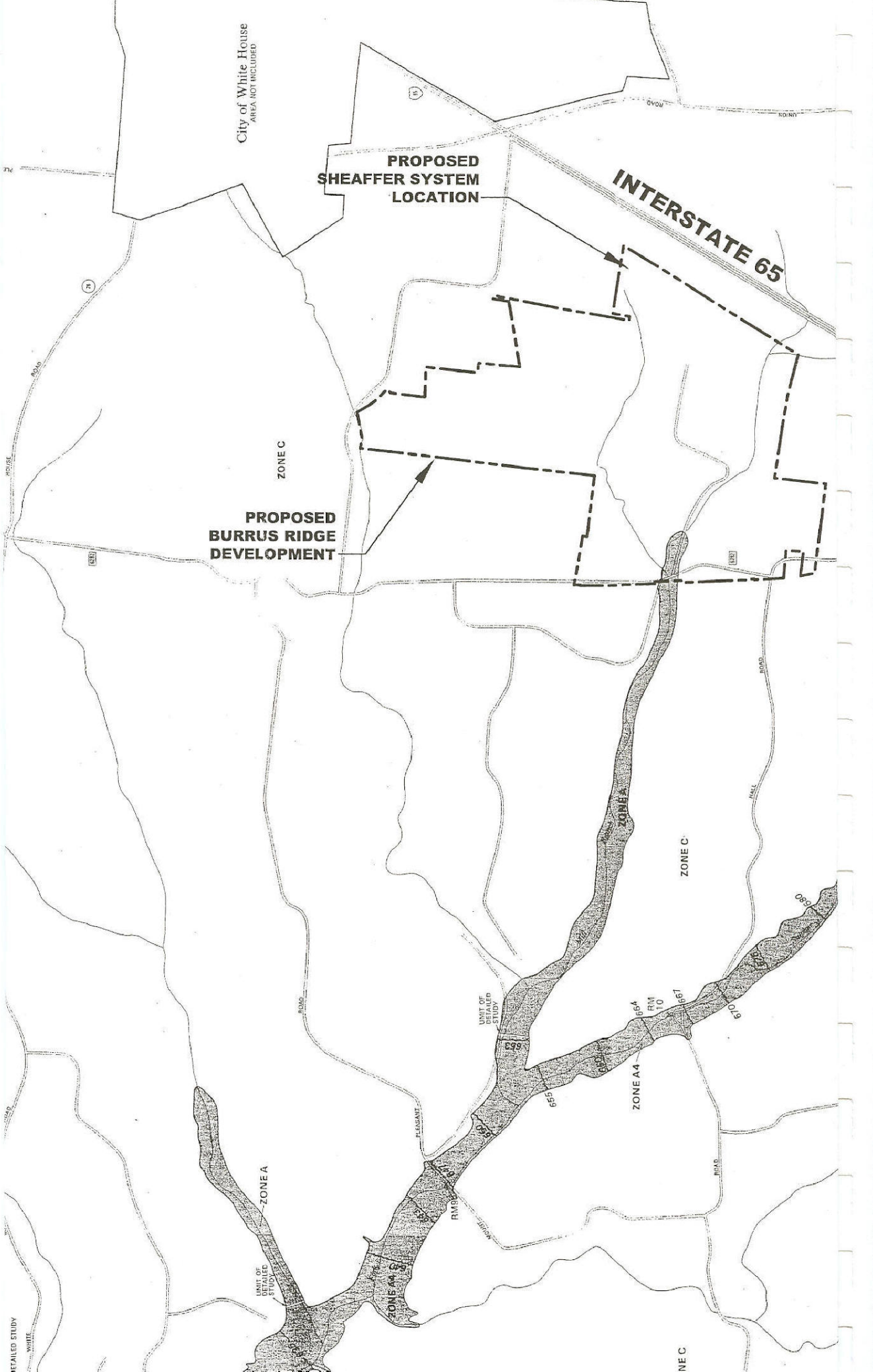
Russell Perkins
Consumer Advocate and Protection Division
Office of the Attorney General
P.O. Box 20207
Nashville, Tennessee 37202

A handwritten signature in black ink, appearing to read "Robert I. Cochrane", written over a horizontal line.

Robert Ian Cochrane
Chief Financial Officer

CARTWRIGHT CREEK, L.L.C.

Exhibit A Service Area Maps



City of White House
AREA NOT INCLUDED

PROPOSED
SHEAFFER SYSTEM
LOCATION

INTERSTATE 65

ZONE C

PROPOSED
BURRUS RIDGE
DEVELOPMENT

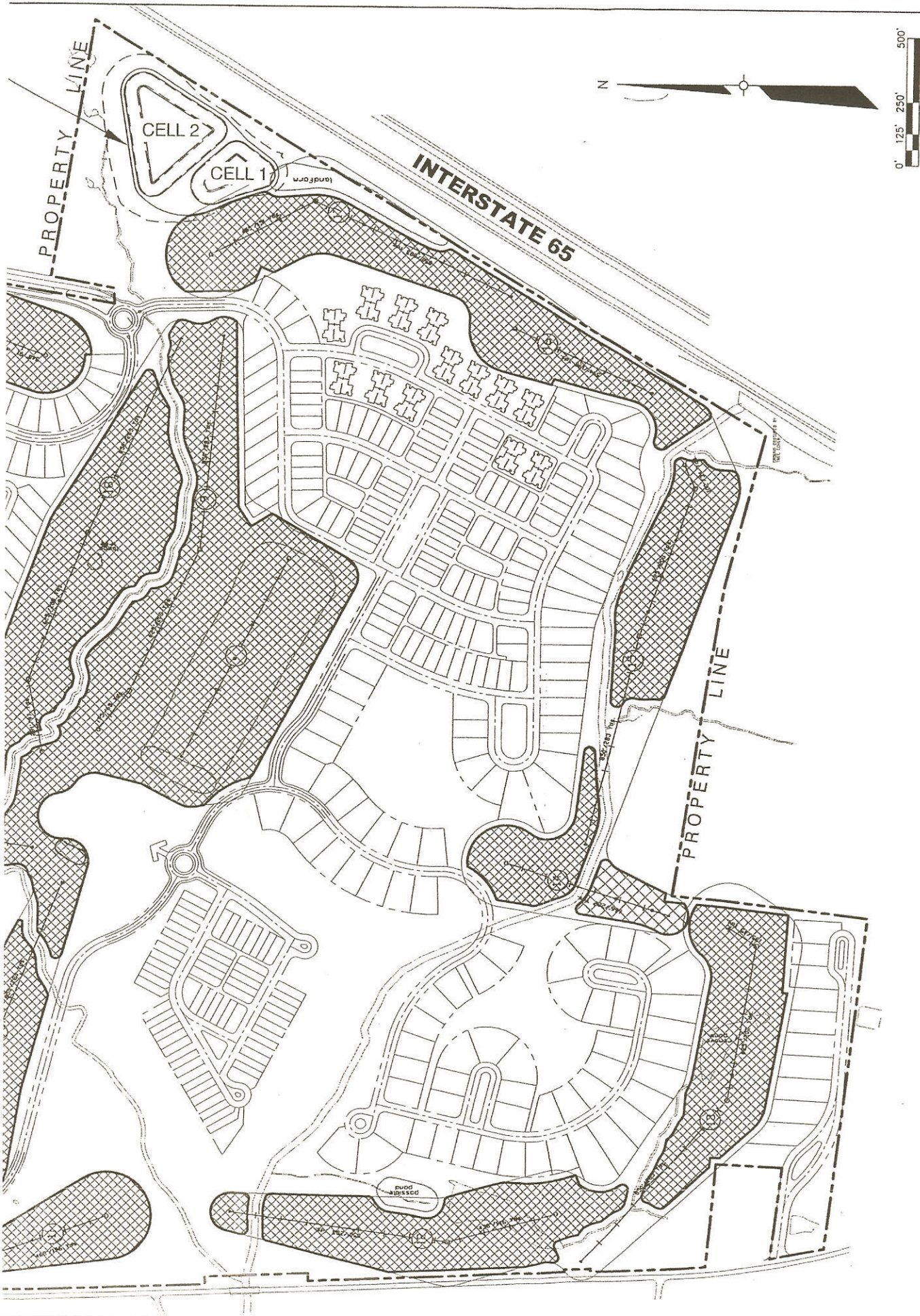
ZONE C

ZONE A4

ZONE A

DETAILED STUDY
WHITE

NEC




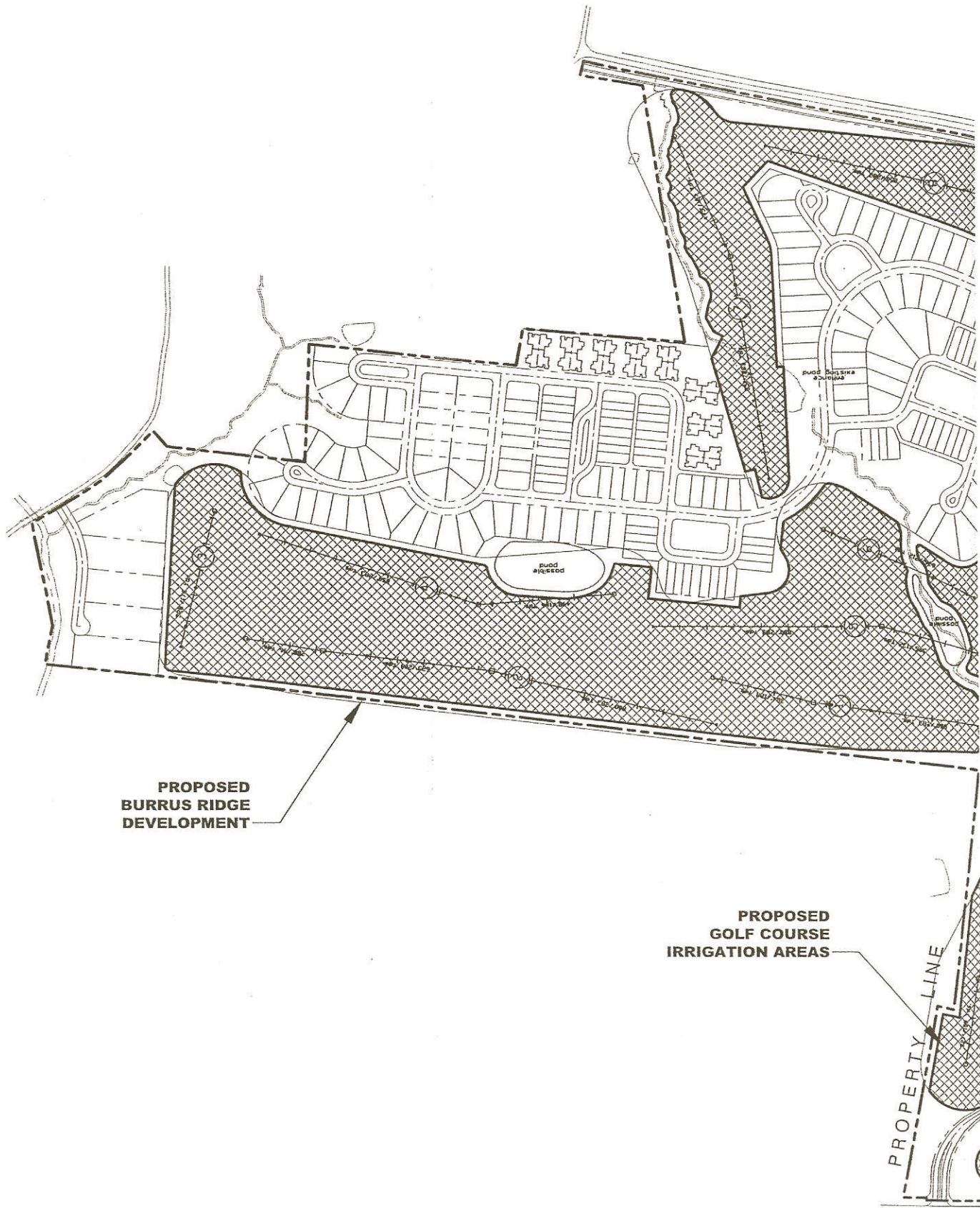
DATE OCTOBER 2005 PROJECT NO BURRUS RIDGE FILENAME BurrusRidge.dwg SHEET NO DRAWING NO.	BURRUS RIDGE SHEAFER SYSTEM ROBERTSON COUNTY, TENNESSEE PROPOSED IRRIGATION LAYOUT	PREPARED FOR HELLMANN REAL ESTATE, LLC 8301 GLIDEWELL ROAD CROSS PLAINS, TENNESSEE 37049 PREPARED BY SHEAFER INTERNATIONAL, L.L.C. 800 ROOSEVELT ROAD BLOC. B SUITE 214 GLEN ELLYN, ILLINOIS 60137		SHEAFER INT'L, L.L.C. GLEN ELLYN, ILLINOIS DRN DES CHK APP Copyright © SHEAFER INTERNATIONAL, L.L.C. All Rights Reserved	NO REVISIONS DRN CHK DATE
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FIGURE 7

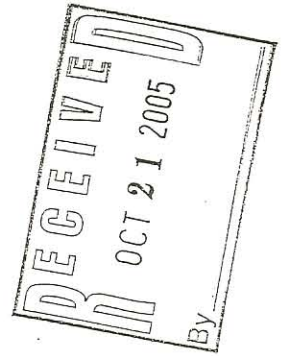
**PROPOSED
SHEAFFER SYSTEM
LOCATION**



CARTWRIGHT CREEK, L.L.C.

Exhibit B
Developer Request for Service

Burrus Ridge Golf Community, LLC
8301 Glidewell Road
Cross Plains, TN 37049



October 18, 2005

Cartwright Creek L.L.C.
800 Roosevelt Road, Suite 214B
Glen Ellyn, IL 60137

Subject: Request for Service from Cartwright Creek

Dear Sirs:

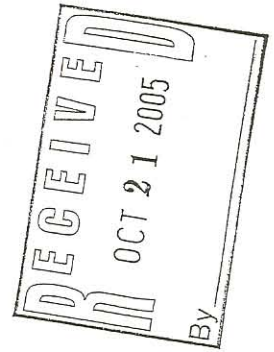
We are requesting that the Cartwright Creek Utility District (Cartwright Creek) provide wastewater service to approximately 700 units planned for the Burrus Ridge Development and golf course community. As you know, we are moving forward with the permitting, design, and construction of a Sheaffer Reclamation and Reuse System to serve this development. At the completion of the construction, the system will be deeded to Cartwright Creek for ownership, maintenance, and operation. The specifics of this transfer of ownership and long-term operation will be covered in a future agreement with Cartwright Creek.

Sincerely,

A handwritten signature in dark ink, appearing to read "C.B. Hellmann, Jr." with a stylized flourish at the end.

C.B. Hellmann, Jr.
President

Burrus Ridge Golf Community, LLC
8301 Glidewell Road
Cross Plains, TN 37049



October 18, 2005

Tennessee Department of Environment and Conservation
Division of Water Pollution Control
6th Floor, L&C Annex
401 Church Street
Nashville, TN 37243-1534

Re: Burrus Ridge Development
State Operating Permit Application
Golf Course Use of Reclaimed Water

Burrus Ridge Residential Golf Community, LLC will be the owner and operators of the golf course on the Burrus Ridge development in Robertson County. It is our understanding that the Sheaffer Wastewater Reclamation and Reuse System will be used to treat and reclaim approximately 217,100 gallons/day of municipal wastewater from the development on the property.

This letter confirms that the golf course will accept and reuse all of the reclaimed water for golf course irrigation. The reclaimed water will supplement the required irrigation water, which is estimated to be 600,000 gallons/day during peak summer demand periods.

The quality and use of this reclaimed water will be as further described in the Engineering Report, dated October 18, 2005, prepared by Sheaffer International, L.L.C.

Sincerely

A handwritten signature in cursive script, appearing to read "C.B. Hellmann, Jr." with a stylized flourish at the end.

C.B. Hellmann, Jr.
President

CARTWRIGHT CREEK, L.L.C.

Exhibit C

Service Refusal by Current Wastewater Providers

CITY OF WHITE HOUSE

BILLY S. HOBBS MUNICIPAL CENTER
105 COLLEGE STREET
WHITE HOUSE, TENNESSEE 37188
www.cityofwhitehouse.com
(615) 672-4350
FAX (615) 672-2939

October 27, 2005

Mr. Chip Hellman
Burrus Ridge Golf Community, LLC
8301 Glidewell Road
Cross Plains, TN 37049

Subject: Sewer Service to Burrus Ridge Development, Robertson County

Dear Mr. Hellman,

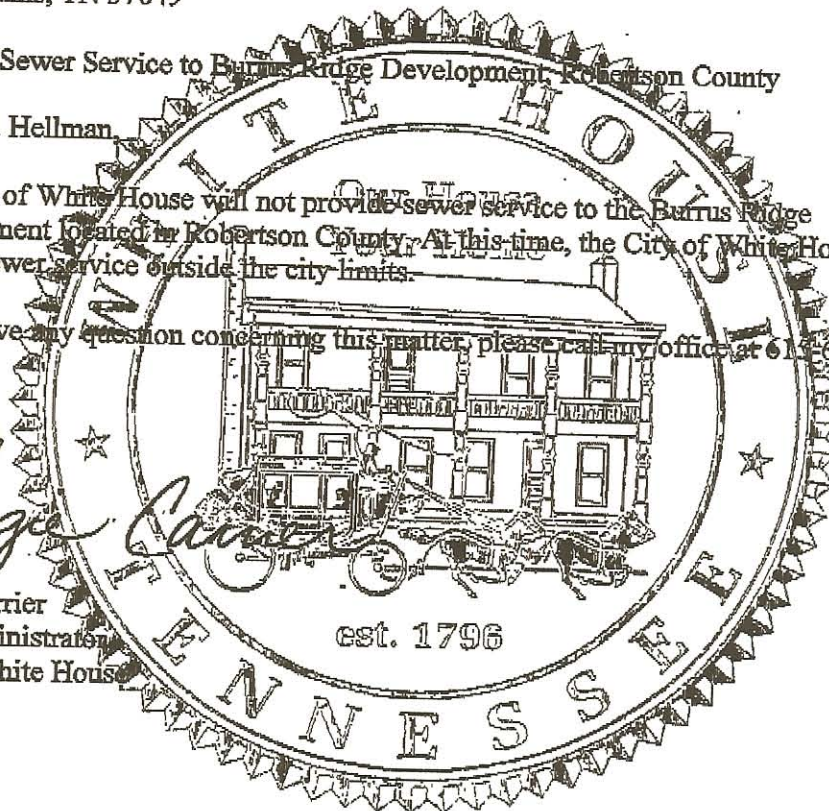
The City of White House will not provide sewer service to the Burrus Ridge Development located in Robertson County. At this time, the City of White House will not extend sewer service outside the city limits.

If you have any question concerning this matter, please call my office at 615-672-4350, x. 105.

Sincerely,



Angie Carrier
City Administrator
City of White House



cc: Mayor John Decker
Bill Crusenberry, Wastewater Director



Robertson County Tennessee

HOWARD R. BRADLEY

County Executive

108 County Courthouse
SPRINGFIELD, TENNESSEE 37172

(615) 384-2476

FAX (615) 384-0617

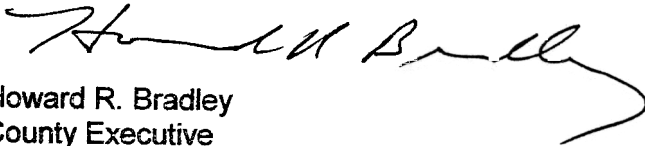
November 15, 2005

Mr. Chip Hellman
Burrus Ridge Golf Community, LLC
8301 Glidewell Road
Cross Plains, Tennessee 37049

Dear Mr. Hellman:

Robertson County does not desire to provide wastewater services for the area mentioned in an e-mail received on November 11, 2005. We provide no sewer services to any area of Robertson County.

Sincerely,



Howard R. Bradley
County Executive

HRB/wlg

xc: Bruce Meyer

CARTWRIGHT CREEK, L.L.C.

Exhibit D
TDEC Permit Application



Tennessee Department of Environment and Conservation
Division of Water Pollution Control
401 Church Street, 6th Floor L & C Annex
Nashville, TN 37243-1534
(615) 532-0625

APPLICATION FOR A STATE OPERATION PERMIT (SOP)

Type of application: ☒ New Permit ☐ Permit Reissuance ☐ Permit Modification

Permittee Identification: (Name of city, town, industry, corporation, individual, etc., applying, according to the provisions of Tennessee Code Annotated Section 69-3-108 and Regulations of the Tennessee Water Quality Control Board.)

Permittee Name
(applicant): **Cartwright Creek**

Permittee
Address: **800 Roosevelt Road, Suite B-214
Glen Ellyn, IL 60137**

Official Contact:
Bruce Meyer

Title or Position:
Engineer

Mailing Address:
1565 Thompson's Station Road North

City: **Thompson's Station** State: **TN** Zip: **37179**

Phone number(s):
615-261-8600

E-mail:
bmeyer@sheafferinternational.com

Optional Contact:
Bob Cochrane

Title or Position:
Chief Financial Officer

Address:
800 Roosevelt Road, Suite B-214

City: **Glen Ellyn** State: **IL** Zip: **60137**

Phone number(s):
630-446-4080

E-mail:
rcochrane@sheafferinternational.com

Application Certification (must be signed in accordance with the requirements of Rule 1200-4-5-.05)

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Name and title; print or type

Robert I. Cochrane, Chief Financial Officer

Signature

Robert I. Cochrane

Date

10/20/2005

Permit Number: SOP-_____

Facility Identification:		Existing Permit No.	
Facility Name:	Burrus Ridge Sheaffer System	County: Robertson	
Facility Address or Location:	Webster Road and Interstate 65, White House, TN (Robertson County)	Latitude: 036,26'57"	
		Longitude: 086,42'30"	
Name and distance to nearest receiving waters: Sulphur Fork Creek, 1.4 miles from treatment site			
If any other State or Federal Water/Wastewater Permits have been obtained for this site, list their permit numbers: None			
Name of company or governmental entity that will operate the permitted system: Cartwright Creek, LLC			
Operator address: 800 Roosevelt Road, Suite B-214, Glen Ellyn, IL 60137			
Has the owner/operator filed for a Certificate of Convenience & Necessity (CCN), or an amended CCN, with the Tennessee Regulatory Authority (TRA) (may be required for collection systems and land application treatment systems)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A			
If the applicant listed above does not yet own the facility/site or if the applicant will not be the operator, explain how and when the ownership will be transferred or describe the contractual arrangement and renewal terms of the contract for operations. See attached request for service. The developer will build the site and then transfer ownership to Cartwright Creek at the end of constuction.			
Complete the following information explaining the entity type, number of design units, and daily design wastewater flow:			
Entity Type	Number of Design Units		Flow (gpd)
<input type="checkbox"/> City, town or county	No. of connections:		
<input checked="" type="checkbox"/> Subdivision	No. of homes: 670 EDUs*	Avg. No. bedrooms per home: *	217,100
<input type="checkbox"/> School	No. of students:	Size of cafeteria(s):	
		No. of showers:	
<input type="checkbox"/> Apartment	No. of units:	No. units with Washer/Dryer hookups:	
		No. units without W/D hookups:	
<input type="checkbox"/> Commercial Business	No. of employees:	Type of business:	
<input type="checkbox"/> Industry	No. of employees:	Product(s) manufactured:	
<input type="checkbox"/> Resort	No. of units:		
<input type="checkbox"/> Camp	No. of hookups:		
<input type="checkbox"/> RV Park	No. of hookups:	No. of dump stations:	
<input type="checkbox"/> Car Wash	No. of bays:		
<input type="checkbox"/> Other			
Describe the type and frequency of activities that result in wastewater generation. *See Table 1 of attached Engineering Report for more details.			

(continued)

Permit Number: SOP-_____

Pump and Haul:	<input checked="" type="checkbox"/> N/A
Reason system cannot be served by public sewer:	
Distance to the nearest manhole where public sewer service is available:	
When sewer service will be available:	
Volume of holding tank:	gal.
Tennessee licensed septage hauler (attach copy of agreement):	
Facility accepting the septage (attach copy of acceptance letter):	
Latitude and Longitude (in decimal degrees) of approved manhole for discharge of septage:	
Describe methods to prevent and respond to any bypass of treatment or discharges (i.e., power failures, equipment failures, heavy rains, etc.):	

Holding Ponds (for non-domestic wastewater only):	<input checked="" type="checkbox"/> N/A
Pond use: <input type="checkbox"/> Recirculation <input type="checkbox"/> Sedimentation <input type="checkbox"/> Cooling <input type="checkbox"/> Other (describe):	
Describe pond use and operation:	
If the pond(s) are existing pond(s), what was the previous use?	
Have you prepared a plan to dispose of rainfall in excess of evaporation? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If so, describe disposal plan:	
Is the pond ever dewatered? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If so, describe the purpose for dewatering and procedures for disposal of wastewater and/or sludge:	
Is(are) the pond(s) aerated? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Volume of pond(s):	gal. Dimensions:
Is the pond lined (Note if this is a new pond system it must be lined for SOP coverage. Otherwise, you must apply for an Underground Injection Control permit.)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Describe the liner material (if soil liner is used give the compaction specifications):	
Is there an emergency overflow structure? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If so, provide a design drawing of structure.	
Are monitoring wells or lysimeters installed near or around the pond(s)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If so, provide location information and describe monitoring protocols (attach additional sheets as necessary):	

Permit Number: SOP-_____

Mobile Wash Operations:		<input checked="" type="checkbox"/> N/A
<input type="checkbox"/> Individual Operator <input type="checkbox"/> Fleet Operation Operator		
Indicate the type of equipment, vehicle, or structure to be washed during normal operations (check all that apply):		
<input type="checkbox"/> Cars <input type="checkbox"/> Parking Lot(s): sq. ft.		
<input type="checkbox"/> Trucks <input type="checkbox"/> Windows: sq. ft.		
<input type="checkbox"/> Trailers (Interior washing of dump-trailers, or tanks, is prohibited.) <input type="checkbox"/> Structures (describe):		
<input type="checkbox"/> Other (describe):		
Wash operations take place at (check all that apply):		
<input type="checkbox"/> Car sales lot(s) <input type="checkbox"/> Public parking lot(s)		
<input type="checkbox"/> Private industry lot(s) <input type="checkbox"/> Private property(ies)		
<input type="checkbox"/> County(ies), list: <input type="checkbox"/> Statewide		
Wash equipment description:		
<input type="checkbox"/> Truck mounted <input type="checkbox"/> Trailer mounted		
<input type="checkbox"/> Rinse tank size(s) (gal.): <input type="checkbox"/> Mixed tanks size(s) (gal.):		
<input type="checkbox"/> Collection tank size(s) (gal.): Number of tanks per vehicle:		
Pressure washer: psi (rated) gpm (rated) Pressure washer: <input type="checkbox"/> gas powered <input type="checkbox"/> electric		
Vacuum system manufacturer/model: Vacuum system capacity: inches Hg		
Describe any other method or system used to contain and collect wastewater: 		
List the public sewer system where you are permitted or have written permission to discharge waste wash water (include a copy of the permit or permission letter): 		
Are chemicals pre-mixed, prior to arriving at wash location? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Describe all soaps, detergents, or other chemicals used in the wash operation (attach additional sheets as necessary):		
Chemical name:	Manufacturer:	Primary CAS No. or Product No.

OFFICIAL STATE USE ONLY

Received Date	Permit Number SOP	Field Office	Reviewer
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CARTWRIGHT CREEK, L.L.C.

Exhibit E
Company Testimony

**Before The
Tennessee Regulatory Authority
Of The
State of Tennessee**

in re:

**Petition of Cartwright Creek, L.L.C.
to amend its Certificate of Convenience & Necessity
in order to provide service to the Burrus Ridge Development
in Robertson County, Tennessee**

**Testimony of
Robert Ian Cochrane**

1 **Q. Would you state your name for the record, please?**

2 A. My name is Robert Ian Cochrane.

3 **Q. By whom are you employed, Mr. Cochrane, and what is your position?**

4 A. I am the Vice-President of Finance for Sheaffer International, L.L.C.

5 **Q. How long have you been employed by Sheaffer International, L.L.C.?**

6 A. Since October of 1999.

7 **Q. Please describe the duties that you perform at Sheaffer International, L.L.C.**

8 A. I direct and oversee all accounting and finance functions, including the
9 accounting, budget, accounts payable, purchasing, personnel, payroll, and cash
10 management areas. I maintain principal banking, insurance, employee benefit,
11 and investment relationships. I negotiate terms for credit enhancement
12 instruments and coordinate the issuance of tax-exempt revenue bonds through
13 state conduit agencies financing wastewater treatment projects. I also negotiate
14 the terms of customer contracts and related agreements. In addition, I currently
15 serve as the treasurer for the Community Counseling Center of Fox Valley, a
16 mental health and substance abuse rehabilitation agency in west suburban
17 Chicago.

18 **Q. What is your educational background, and what degrees and licenses do you**
19 **hold?**

20 A. I received a BS degree in accounting from Bradley University, and I received my
21 MBA from Lake Forest Graduate School of Management in Illinois. The
22 University of Illinois issued my CPA certificate in 1981. I participate in
23 continuing professional education as required by my profession. In addition, I
24 have been a financial officer at both Roosevelt University and National-Louis
25 University. Finally, I am a member of the Illinois CPA Society.

26 **Q. Mr. Cochrane, what is the purpose of your testimony in this case?**

1 A. The purpose of my testimony is to present information to the TRA on managerial,
2 financial, and technical capability of Cartwright Creek in its application for an
3 amendment to its CCN that will allow it to provide wastewater service to the
4 Burrus Ridge development in Robertson County, Tennessee.

5 **Q. Mr. Cochrane, please describe the managerial capabilities of Cartwright**
6 **Creek.**

7 A. Cartwright Creek, through the expertise of its principal, Sheaffer International,
8 has the managerial capability to provide wastewater utility services. The Sheaffer
9 System technology was developed by our company chairman, John R. (Jack)
10 Sheaffer, Ph.D. in the 1960s and 1970s. Dr. Sheaffer developed the conceptual
11 framework for the technology while teaching at the University of Chicago and
12 serving as Science Advisor to the Secretary of the United States Army. While
13 serving the latter role, Dr. Sheaffer helped to write the Federal Clean Water Act,
14 which states that our rivers and streams are no longer to be considered part of the
15 wastewater treatment process.

16 When it became apparent that the “zero-discharge” goal of the Clean Water Act
17 was not going to be met by the government, Dr. Sheaffer retired from public
18 service. He dedicated his life to showing people that a properly designed and
19 operated zero-discharge system would not only benefit the environment, but also
20 save money. He developed the “Sheaffer System” as the means to accomplish
21 this goal. The first Sheaffer System was the landmark Muskegon, Michigan
22 system. The Muskegon system, which is still in operation today, was a 40 MGD
23 project and was hailed by US EPA as a textbook example of a system complying
24 with the Clean Water Act. In subsequent years, Dr. Sheaffer used his technology
25 to conceptualize, design and construct hundreds of successful Sheaffer Systems
26 for municipalities and residential and commercial developments.

1 In the mid-90's it became apparent that customers were looking for companies to
2 provide service beyond design engineering. Therefore, Sheaffer International,
3 L.L.C. was formed in 1996 to design, build, own, operate, and maintain
4 ("BOOM") Sheaffer Systems. Sheaffer International has completed over one
5 hundred projects for municipalities, developers, industries, and commercial
6 clients, for wastewater treatment and reclamation systems. These projects all
7 feature the technology originally developed by Dr. Sheaffer, which has been
8 refined through its use in the numerous projects over three decades.

9 Sheaffer has assembled a talented and experienced team of professionals to
10 implement the Sheaffer technology and manage company operations, beginning
11 with Dr. Sheaffer himself. Dr. Sheaffer has served as the Chairman of Sheaffer
12 International since forming the company in 1996. As company Chairman, Dr.
13 Sheaffer plays an active role in the formulation and implementation of major
14 projects. His problem solving skills are as legendary as his capability for fresh,
15 insightful thinking. He has had a long and distinguished career as a champion of
16 reclamation and reuse, as I have already described. Dr. Sheaffer also currently
17 serves as the Chairman of the Environmental Commission of DuPage County,
18 Illinois. He is a member of the National Review Committee on Floodplain
19 Management in the United States, and the National Association of State
20 Floodplain Managers gives a "John R. Sheaffer" Award each year for excellence
21 in flood proofing, in his honor. Dr. Sheaffer is also the author or co-author of 10
22 books and more than 50 technical articles on wastewater management, irrigation,
23 flood proofing, and fresh water resources.

24 In addition to Dr. Sheaffer, the Sheaffer team includes the following staff of
25 engineers, planners and designers, operators, and support personnel, and a core
26 group of leaders.

- 1 • **Michael Stahelin** leads the Sheaffer team as President of Sheaffer
2 International. Mr. Stahelin is also a majority owner of the Company. In
3 addition to serving as Sheaffer's President, Michael serves as President of
4 Stahelin Properties, a full service real estate firm which owns more than
5 1,150,000 square feet of office and commercial real estate in Cook and
6 DuPage Counties in Illinois.
- 7 • **James Gaspar** Mr. Gaspar joined the engineering team at Sheaffer
8 International in 2004, with extensive experience in product and business
9 management and engineering and engineering management. At Sheaffer
10 International, Mr. Gaspar is responsible for developing detailed design
11 packages for small municipal wastewater treatment plants and potable
12 water supply systems. He oversees model development and supervises
13 designers and junior engineers. Mr. Gaspar has also contributed to the
14 development of the sales process for a new waste activated sludge digester
15 product and continues to work closely on the development of the product.
16 Earlier in his career, Mr. Gaspar served as the Product Manager at Safety-
17 Kleen Corporation, where he developed two successful new lines of
18 business from concept to commercialization: Fluid Management Services
19 and Metalworking Fluid Management Services, which was a \$1 million
20 business in its first year. Mr. Gaspar's previous work also includes
21 marketing, business development, management and technical expertise
22 with a proven record of leading strategic change. His diverse background
23 includes solid engineering and marketing experience. Mr. Gaspar earned
24 his B.S. in Chemical Engineering from Purdue University and attended
25 Milwaukee School of Engineering for his M.B.A.
- 26 • **Bruce Meyer**, P.E. serves as Sheaffer's Chief Engineer and is Sheaffer's
27 resident engineer in the State of Tennessee. Bruce oversees the operations

1 of Sheaffer's first Tennessee system, located in the Town of Thompson's
2 Station, and is overseeing the construction of a 500,000 gallon regional
3 system currently under construction in Thompson's Station which will
4 serve anticipated growth within the town. Mr. Meyer is an environmental
5 engineer with over 25 years of experience. He graduated from the Illinois
6 Institute of Technology with his M.S. degree and received his B.S. degree
7 from the University of Illinois at Chicago. He is a licensed Professional
8 Engineer. Mr. Meyer's experience includes the design, construction, and
9 operation of environmental treatment systems for wastewater, hazardous
10 waste, air pollution control and recycling/reuse. He has project
11 management experience in a wide range of settings from small, individual
12 facilities with single customers, to complex industrial settings, such as
13 integrated iron and steel facilities, with multiple customers and
14 requirements. He has held a wide range of positions in the environmental
15 field from project engineer and project manager in a consulting role to
16 facility engineer manager and operations manager as an employee of the
17 owning/operating company.

- 18 • **Scott Davis** is acting Vice President of Sales for Sheaffer International.
19 Mr. Davis is a retired senior executive with 32 years experience in the
20 Director of Technology Group for North and South Americans which he
21 managed P&L objectives for a \$50 million business with 200 employees.
22 He graduated from the University of Wisconsin with a Bachelor of Arts in
23 Business and graduate work with Motorola University in conjunction.
24 Most recently Mr. Davis has been the Business Manager at McMaster
25 Investments and Operations Manager for an alternative fuels
26 manufacturing company.

1 Finally, I serve as Sheaffer's Vice President of Finance, as I have already
2 described to you. In addition, we have obtained knowledge of the Tennessee
3 regulatory requirements for utilities through the retention of Mr. William H.
4 Novak of WHN Consulting as a utility consultant for regulatory matters.

5 The Sheaffer System is compatible with a "smart growth" program, preserving
6 open green space for reclaimed water. The Sheaffer International staff is
7 experienced at working with developers, city engineers, and planners to integrate
8 the system to meet the goals of the Robertson County community and the State of
9 Tennessee.

10 **Q. Mr. Cochrane, please describe the financial capabilities of Cartwright Creek.**

11 **A.** For the most recent period, Cartwright Creek's financial information is as follows.
12 Financial Statements are provided as Attachment 1.

13 • **Total Assets.** As of 10/31/05, Cartwright Creek, LLC has total assets of
14 \$206,459. The developer at Burrus Ridge is expected to transfer the title
15 to Sheaffer International of the land for the treatment system and irrigation
16 for the Burrus Ridge System.

17 • **Net Worth.** As of October 31, 2005, Cartwright Creek's balance sheet
18 reflects negative net worth of \$296,755.42. This negative net worth
19 position reflects the current age of the donated facility and a history of
20 recent operating losses. Sheaffer believes that this negative net worth
21 understates the true value of the existing treatment facility and thus does
22 not reflect significant goodwill.

23 • **Net Income.** Through October 31, 2005, Cartwright Creek reported an
24 operating loss of \$33,151.75. This amount reflects significant one-time
25 repairs to the plant of \$45,000. Sheaffer believes that these repairs
26 represented a significant deferral of previous maintenance to the facility.
27 Repair expenses are expected to decrease in 2006 and 2007. In addition,

1 excess flows above design capacity have pushed sludge handling expenses
2 to \$55,922 during the first nine months of the year. Sheaffer International
3 has developed a propriety technology which it intends to install at the
4 Grasslands facility. Sheaffer is currently awaiting authorization for TDEC
5 to implement this technology within the state. This technology is
6 expected to eliminate all waste hauling expenses, although \$15,000 in
7 additional electrical expense will be incurred as a result of its
8 implementation. These changes can be expected to eliminate the recurring
9 operating losses which have produced the current negative net worth. In
10 2005, Sheaffer's engineering staff developed a plan to correct the current
11 infiltration and inflow problem which restricts Cartwright Creek's ability
12 to extend service to several potential developments which are currently
13 under consideration by area developers. Sheaffer's preliminary review
14 indicates that a modest investment of \$150,000 should produce sufficient
15 additional capacity to recapture this investment through prepaid tap-fees
16 from the Smith Brothers or any developer whom expressed interest in any
17 available capacity. A modest expansion of the approximate 500 current
18 customers of the Grassland facility will generate operating surpluses and
19 fund the establishment of renewal and replacement reserves at the current
20 rate tariff. In addition, Sheaffer's engineering staff is investigating other
21 plant modifications aimed at improving the effectiveness of the current
22 treatment processes so that additional taps can be added.

23 As shown in the pro forma found in Attachment 2, the financial projections for
24 the new Burrus Ridge plant demonstrate the long-term viability and sustainable
25 nature of this new service area. The financial projections reflect modest sales of
26 the existing homes. The developer has agreed to hold Cartwright Creek
27 financially harmless until all the lots are sold. Utilizing the existing Cartwright

1 Creek rate tariff, Sheaffer proposes to fund a reserve of \$16,264 per year when all
2 the homes are served. The Burrus Ridge Sheaffer System requires few
3 mechanical components (grinder pumps/comminutor, compressed air blowers,
4 filter, disinfection unit, and irrigation pumps). Accordingly, the proposed reserve
5 should generate sufficient reserves to replace any equipment items which fail.
6 Also, Sheaffer is proposing to expand the existing business insurance program to
7 cover the full replacement cost of the system and expand Sheaffer's general
8 liability coverage to assure that no reasonable unfunded insurance claims would
9 jeopardize the viability of the system. The latter includes an expansion of
10 Sheaffer's existing professional, umbrella, boiler and machinery, business
11 interruption and extra-expense coverage, and pollution insurance coverage
12 currently underwritten through CNA Insurance. Sheaffer, through its business
13 insurance program, can assure regulators that sufficient resources will be
14 available to cover losses from catastrophic events and acts of god.

15 In addition, Sheaffer intends to contract with qualified licensed general and sewer
16 contractors to build the facility. Payment and performance bonds are included in
17 Sheaffer's design specifications. However, Sheaffer personnel will provide
18 construction oversight to assure that the facility is constructed in accordance with
19 plans and specifications.

20 Sheaffer International LLC's professional liability program provides additional
21 protections to which Cartwright Creek's customers have recourse in the event of a
22 system failure due to design negligence or other errors or omission. In addition to
23 the direct financial resources of tap and monthly treatment fees, Sheaffer
24 International owns and operates two other wastewater treatment facilities serving
25 municipalities and large companies under long-term take or pay contracts with
26 minimum payments in excess of \$60,000,000. These long-term contracts with
27 guaranteed minimum payments represent a significant asset that is not reflected in

1 the financial statements of Sheaffer International and provide a source of cash
2 liquidity as well as a significant asset base which could be leveraged to support
3 the operations of the Cartwright Creek system.

4 The operating surpluses of the Burrus Ridge facility, although modest, are
5 sufficient in nature to cover the direct expenses of the facility. Sheaffer
6 International, LLC is able to assure its ability to provide cost-effective operational
7 services to the facility during the start-up phase because of its existing five-year
8 contract with the nearby Town of Thompson's Station. This town has contracted
9 with Sheaffer to provide on-site management services to two Sheaffer Systems.
10 The first system became operational in October 2005 and a second system is
11 nearing completion and will become operating in Spring 2006.

12 **Q. Mr. Cochrane, please describe further the other contracts that Sheaffer is a**
13 **party to outside of Tennessee.**

14 A. Sheaffer's SIL Clean Water, LLC project is a 1.9 million gallon per day Sheaffer
15 System in Timberville, Virginia. The "North Fork" System, named for the nearby
16 North Fork of the Shenandoah River, has treatment capacity for all the wastewater
17 from the towns of Timberville and Broadway, Virginia, and large poultry
18 processing plants owned by Cargill Turkey Products and Pilgrim's Pride, two of
19 the largest food processing companies in the nation. The system enabled the two
20 towns and two chicken processing plants to decommission their older wastewater
21 treatment facilities and guarantee affordable wastewater treatment costs. The
22 poultry facilities represent 75 percent of the current flow, so the North Fork
23 facility receives wastewater organics and solid loads five (5) times more
24 concentrated than a typical wastewater treatment facility would receive. The
25 North Fork facility is owned and managed by Sheaffer International staff and has
26 been operating for five years. The total annual contractual revenue exceeds \$1,
27 700,000 per year with total remaining contractual customer commitments

1 exceeding \$37,000,000. At the end of the twenty-five year contract, Sheaffer
2 estimates that the economic value of the facility will exceed \$15,000,000 as all
3 debt will be repaid.

4 Cortland, Illinois is a small town of 2,000 on the western fridge of suburban
5 Chicago. The town is sandwiched between suburban Chicago and the City of
6 DeKalb (population 39,000). Due to the westward expansion of the Chicago
7 suburbs, the Town anticipates growing. The Town was told that the DeKalb
8 facility, which currently handles the Town's wastewater, cannot accommodate the
9 anticipated additional flow. As a result, Sheaffer International has been selected
10 to design a Sheaffer System that would incorporate the existing wastewater flow
11 and flows from all new developments. The Town has signed a thirty-year
12 \$26,000,000 contract for Sheaffer to provide wastewater treatment services. The
13 Cortland Sheaffer System will initially treat 250,000 gallons per day of existing
14 flow and will be designed to be expandable to 750,000 gallons per day and
15 ultimately to 1.5 million gallons per day. The reclaimed water from the Sheaffer
16 System will be reused to irrigate nearby farms and accommodate open space, thus
17 helping to preserve the community's rural heritage. Sheaffer International, LLC
18 is working with area developers as well as the town to coordinate planning and
19 ensure that both parties' goals are achieved. Construction is scheduled to begin
20 within the next three months after a tax-exempt bond financing is complete. The
21 Town has indicated an intent to purchase the facility from Sheaffer with Sheaffer
22 operating the facility under a contract. Sheaffer estimates that during 2006, it will
23 realize in excess of \$4,000,000 in net proceed from this sale.

24 These contracts represent an existing resource stream that assures Sheaffer's
25 future ability to provide the necessary resources to assure the operating viability
26 of Cartwright Creek. In addition, these contracts assure that Sheaffer

1 International, LLC personnel will possess the necessary skills to manage the
2 Cartwright Creek Utility.

3 **Q. Mr. Cochrane, please describe the technical capabilities of Cartwright**
4 **Creek.**

5 A. The total number of homes being served by systems utilizing the reclamation and
6 reuse concept, as developed by Dr. Sheaffer with Sheaffer International and his
7 previous firm Sheaffer and Roland, exceeds 100,000 homes or commercial
8 equivalents. We currently have contracts for active design projects that will serve
9 over 37,000 additional homes or commercial developments equivalents. In
10 addition, we have additional projects that we are currently working on that we
11 anticipate will serve thousands more. The Sheaffer System is compatible with a
12 “smart growth” program, preserving open green space for reclaimed water
13 irrigation. Sheaffer International staff is experienced at working with developers,
14 city engineers, regulatory staff, and planners to integrate the system to meet the
15 goals of the Robertson County community and the State of Tennessee.
16 Sheaffer International has assembled an extremely experienced group of
17 professional potable water and wastewater engineers, construction managers,
18 financial, and operations staff. The depth of our staff member’s experience
19 includes:

- 20 • Design and construction experience in over twenty states and five
21 countries.
- 22 • Multiple tax-exempt bond issuances.
- 23 • Design, construction and operation of Sheaffer Systems and may other
24 types of conventional wastewater treatment systems and numerous water
25 management, industrial waste treatment, remediation, and air pollution
26 systems.

- Design and construction of wastewater and potable water systems for municipalities exceeding 30,000 people.
- Extended public accounting experience including audits of municipal entities and billing systems.
- Management of municipal engineering and maintenance budgeting and staff.
- Ongoing management of wastewater reclamation projects for residential developments that transition in ownership for a development company to a home builder, and are eventually turned over to a municipality for ownership and operation.
- Successful preparation and receipt of permits from federal, state, and local agencies for wastewater, water reuse, and watershed management facilities.
- Successful startup and ongoing management of an environmental business that grew from a two-person staff to over 300 people.

Sheaffer is proposing to build for Cartwright Creek a Sheaffer Modular Reclamation and Reuse System (SMRRS) to serve the Burrus Ridge Development. An SMRRS consists of two deep aerated reclamation cells with an anaerobic treatment zone, 36 days of aerobic treatment time and 56 days of excess storage capacity. The cells are lined to prevent the loss of water. The SMRRS operates without producing odors and minimizes the production of sludge, which is contained in the cells for 40 (or more) years. Following treatment and storage in the cells, the reclaimed water is filtered, disinfected, and pumped to the golf course for irrigation.

The SMRRS is a non-discharging system which meets the requirements of the Illinois EPA and the Tennessee Department of Environment and Conservation (“TDEC”). Numerous systems developed under the direction of the company’s

1 Chairman, John R. Sheaffer, Ph.D, are already operating effectively in
2 northeastern Illinois. The Illinois Pollution Control Board adopted policies in
3 2002 that require a full and fair consideration of non-discharging systems for any
4 new or expanded discharge. Two additional systems have been permitted in
5 Thompson's Station, Tennessee. The first of these is constructed and currently
6 operating, the second is currently under construction.

7 The steps in the reclamation and reuse process are summarized below.

- 8 • **Step One: Maceration.** Maceration is another word for grinding.
9 Incoming sanitary wastewater is passed through a comminutor to grind
10 solids into small particles and maximize their surface area. This improves
11 mixing and biodegradation. Comminutors are rugged, automatic units
12 with bypass channels. Routine maintenance is limited to grinder motor
13 servicing.
- 14 • **Step Two: Anaerobic and Aerobic Reclamation.** Macerated wastewater
15 flows by gravity through a buried pipe from the comminutor to the base of
16 Cell I. This prevents wastewater from direct exposure to the air, and
17 delivers the wastewater directly to an anaerobic zone at the base of Cell I.
18 Biodegradation occurs within this oxygen free zone (typically 2 to 4 feet
19 deep). Organic solids break down into constituent chemicals and
20 compounds. Air is introduced directly above this anaerobic zone to form a
21 well-oxygenated column of water 12 to 20 feet deep. Air blowers
22 installed at the top of the cell berm feed coarse bubble aerators. The
23 odorous gases produced in the anaerobic zone are chemically transformed
24 in the aerobic zone into non-odorous compounds. Treated wastewater at
25 the top of Cell I is transferred through a manhole and allowed to flow by
26 gravity to the base of Cell II, where the anaerobic/aerobic process is

1 repeated. The reclamation cells are sized to provide a prolonged treatment
2 time of 36 days. This feature produces several benefits:

- 3 1. Long detention aerobic time breaks down difficult pollutants, such
4 as fats, oil, and greases, without producing sludges.
- 5 2. Large cells can readily accommodate fluctuations in wastewater
6 flow and loadings.
- 7 3. The large volumes in the anaerobic zone provide long-term storage
8 capacity for solids that do not biodegrade over a long period of
9 time.
- 10 4. Deep cells promote oxygen transfer efficiency.

- 11 • **Step Three: Storage.** Additional capacity is provided to in the cells to
12 store water for up to 56 days. This capacity allows irrigation to be
13 managed around inclement weather and other unfavorable site conditions.
- 14 • **Step Four: Effluent Polishing.** The reclaimed water is filtered and
15 disinfected, and then pumped to a holding pond on the golf course.
- 16 • **Step Five: Reuse of Reclaimed Water.** Finally, the reclaimed water is
17 irrigated to the golf course. Because the amount of reclaimed water is not
18 sufficient to meet the irrigation needs of the entire golf course, the
19 reclaimed water is mixed with other fresh water sources in the holding
20 pond prior to irrigation.

21 Sheaffer has extensive experience in the planning, design, operation and
22 management of SMRRS (approximately 100 in the last 25 years). This
23 experience shows that a network of SMRRS can be managed to secure significant
24 advantages to the Burrus Ridge development. These include:

- 25 • Flexibility in accommodating growth.
- 26 • Automatically attaining recreation, park and open space goals.

- The high quality of the reclaimed water makes it available for reuse for many purposes, including, but not limited to irrigation, industrial cooling, equipment washing, fountains and decorative ponds, and groundwater recharge.
- Long term permit compliance with no discharge vs. continual monitoring costs and expensive future capital improvements inherent in conventional systems to meet increasingly stringent discharge standards.
- Phased implementation of the sewerage system needed to serve the current population owing to the potential for staging the SMRRS facilities and irrigation areas in step with the sewerage system phasing.
- Support from environmental and conservation groups.
- Assurance of steady user fees in the future, making the SMRRS the least cost solution for existing as well as future residents and businesses.
- Potential for developer-provided SMRRS to existing area residents with failing septic systems in a cost-effective manner.

Q. Does this conclude your testimony?

A. Yes, it does.

Cartwright Creek, LLC

Income Statement

10 Months Ended
October 31, 2005

	=====	=====
Income		
Residential revenues	\$155,943.25	77.6%
Commercial revenues	44,353.90	22.1%
Other sewer revenues	615.23	0.3%
	-----	-----
TOTAL Income	200,912.38	100.0%
	-----	-----
Expenses		
Sludge removal expense	55,922.50	27.8%
Purchased power	18,940.26	9.4%
Chemicals	9,473.51	4.7%
Materials & supplies	18,040.99	9.0%
Engineering	470.00	0.2%
Plant Management	25,350.00	12.6%
Accounting	22,500.00	11.2%
Repairs & Maint to plant	45,475.61	22.6%
Legal fees	67.55	0.0%
Insurance expenses	453.39	0.2%
Postage	1,494.47	0.7%
Regulatory commission expense	707.98	0.4%
Bad debt expense	15.60	0.0%
Interest Exp - Smith Note	14,501.01	7.2%
Bank charges	1,183.50	0.6%
Miscellaneous expense	1,201.76	0.6%
	-----	-----
TOTAL Expenses	215,798.13	107.4%
	-----	-----
OPERATING PROFIT (LOSS)	(14,885.75)	-7.4%
	-----	-----
Other Income & Expenses		
Depreciation	(22,005.00)	-11.0%
Taxes other than income	(8,435.00)	-4.2%
Interest & dividend income	3.67	0.0%
Other Income-Gain refinance	12,170.33	6.1%
	-----	-----
TOTAL Other Income & Expenses	(18,266.00)	-9.1%
	-----	-----
PROFIT(LOSS) BEFORE TAXES	(33,151.75)	-16.5%
	-----	-----
NET PROFIT (LOSS)	(\$33,151.75)	-16.5%
	=====	=====

Cartwright Creek, LLC

Balance Sheet

October 2005

ASSETS

Current Assets:

Fifth Third Bank - MMA	\$1,177.20
Pinnacle - Operating	(864.73)
Customer accounts receivable	14,634.97

TOTAL Current Assets

\$14,947.44

Fixed Assets:

Utility plant in service	956,947.02
A/D & amort of utility plant	(765,911.00)

Utility Plant in Service

Structures & improvements	\$25,757.36
Collection sewers - gravity	219,974.97
Flow measuring devices	5,413.91
Flow measuring installations	7,160.00
Receiving wells	95,903.29
Pumping equipment	127,224.80
Treatment & disposal equipment	409,085.06
Plant sewers	11,157.71
Outfall sewer lines	21,757.52
Other plant & misc equipment	31,303.40
Other tangible plant	2,209.00
Utility plant in service offset	(956,947.02)

TOTAL Utility plant in service offset

0.00

TOTAL Fixed Assets

191,036.02

Other Assets:

Misc current & accrued assets	475.80

TOTAL Other Assets

475.80

TOTAL ASSETS

\$206,459.26

LIABILITIES

Current Liabilities:

Accounts payable	\$39,335.83
Accrued Franchise Tax	468.00
Accrued Ad Valorem Tax	3,069.00
Accrued Gross Receipts tax	11,329.00
Loan from Shareholders - Sheaffer	38,562.13

TOTAL Current Liabilities

\$92,763.96

Attachment 1: Historical Financial Statements

Long-Term Liabilities:		
Long Term debt - Reese/Steve Smith	409,450.72	
Note to Shareholder	1,000.00	

TOTAL Long-Term Liabilities		410,450.72

TOTAL LIABILITIES		503,214.68
CAPITAL		
Other contributed capital - tap fees	1,150,293.31	
Retained earnings (deficit)	(1,413,896.98)	
Year-to-Date Earnings	(33,151.75)	

TOTAL CAPITAL		(296,755.42)

TOTAL LIABILITIES & CAPITAL		\$206,459.26
		=====

Burrus Ridge

Assumptions

Operating Labor includes routine maintenance
Operating Labor includes unscheduled maintenance that can be accomplished w/hand tools
Primary and secondary irrigation areas maintained by Cartwright/Sheaffer
Primary and secondary irrigation areas planted with mowable grass
Remainder of green space maintained by others
Cartwright Creek Handles Billing and Collection

VERIFICATION


STATE OF ILLINOIS)

COUNTY OF DUPAGE)

I, Robert Ian Cochrane, being duly sworn state that I am authorized to make this verification on behalf of Sheaffer International, LLC; that I have read the foregoing testimony and know the content thereof; that the same are true and correct to the best of my knowledge, information and belief.

Robert L. Corliss

Sworn and subscribed before me this 9th day of January, 2006.


Notary Public

My Commission Expires: 1/14/07

